

**RESOLUTION
(AS CORRECTED)
NO. R-11- 517**

CITY HALL: November 3, 2011

BY: COUNCILMEMBER HEAD AND PALMER

SECONDED BY:

WHEREAS, the City of New Orleans supports and encourages the restoration, development, improvement or expansion of existing structures in downtown, historic, and cultural districts and the continued vital use of such structures; and

WHEREAS, Article 7, Section 21(H) of the Louisiana Constitution provides for the Restoration Tax Abatement Program (the Tax Abatement Program) to encourage property owners to restore, develop, improve, or expand existing structures in the Downtown Development District, historic districts, and economic development districts, and authorizes the State Board of Commerce and Industry with the prior approval of the Governor and the local governing authority, to enter into contracts granting certain property owners the right for an initial term of five years after completion of the work, to pay ad valorem taxes on the assessed valuation of the property for the year prior to the making of improvements, which contract may, in limited circumstances, be extended for an additional five years (an RTA); and

WHEREAS, R.S. 47:4311 et seq. provides the procedures and conditions for the implementation of Article VII, Section 21(H); and

WHEREAS, there are a number of districts in the City of New Orleans that come within the ambit of the Tax Abatement Program and that the governing body of the City of New Orleans desires to make eligible for the participation in the local Tax Abatement Program; and

WHEREAS, the Council of the City of New Orleans is the local governing authority charged with responsibility for the review and approval or disapproval of all applications

submitted to it by the Louisiana Department of Economic Development pursuant to the procedures and conditions of the Tax Abatement Program; and

WHEREAS, certain property owners held reasonable beliefs that they were participants in the RTA program in that these owners were given assurances of their property's coverage by an RTA and the property tax rolls, in fact, reflected an RTA; and

WHEREAS, this belief was inaccurate for failure to complete all required paperwork; and

WHEREAS, given the detrimental reliance of certain property owners, the Council desires that upon the execution of an affidavit swearing to a good-faith belief that said RTA was granted by a prior assessor, and proof that the abatement was, in fact, given for the initial five years, a retroactive recovery of additional tax-payments may be forgiven; and

WHEREAS, because of these newly discovered inequities the Council has reevaluated its policy for participation in the Tax Abatement Program; and

WHEREAS, the Council adopts an amended policy, which revises the criteria for the consideration of RTA initial applications, renewals and transfers; and

WHEREAS, the Council desires that the Mayor's Restoration Tax Abatement Committee and the Economic Development Staff assist it in processing applications by recommending to the Council approval or disapproval of said RTA initial applications, renewals and transfers; therefore

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, that the Mayor's Restoration Tax Abatement Committee and the Economic Development Staff will, in the matter of each initial application, consider the following guidelines prior to making their recommendation to the Council:

Initial Guidelines:

1. Any applicant that has started construction toward the restoration, expansion, or improvement of their property without submitting an Advance Notification Form shall not qualify for this program.
2. All project/improvements shall have a minimum renovation investment of 25% of the pre-improvement basis value of the existing structure.
3. The proposed project/improvements shall extend the useful life of the building for a period of no less than twenty years, significantly upgrade its usefulness or preserve it in a manner that significantly improves its condition, is architecturally appropriate and enhances its values.
4. No RTA shall be approved for general maintenance, routine repairs, minor renovations, or insurable damages. General maintenance or routine repairs included, without limitation, painting, fixture replacement, flooring replacement, and HVAC replacement.
5. The expansion of an existing structure or structures shall not exceed 10% of the original "foot print" as defined by the structure's pre-improvement exterior walls.
6. The applicant shall provide for review by the Mayor's Restoration Tax Abatement Committee and the Economic Development Staff:
 - a. The identification of all principals in the project.
 - b. An affidavit as to whether the principals in the project would have proceeded with the rehabilitation without the RTA.
 - c. An as-is appraisal of the value of the land and improvements before rehabilitation as well as an appraisal of the proposed improvements by duly qualified real estate appraisers, or expert.
 - d. For income producing properties, a pro forma statement and five year projection relating to the proposed rehabilitation work, and a cost/benefit analysis.
7. A prior abatement shall not have been used for the current project/proposed improvement within twenty years from the initial RTA contract start date.
8. RTAs shall be approved only for existing structures in the Downtown Development District, historic districts, and economic development districts, and which the governing body of the City of New Orleans desires

to make eligible for the participation in the local Tax Abatement Program.

9. No RTA shall be approved for any gaming establishment, including but not limited to the following: casinos, river boats, dockside terminals, bingo halls, racetracks and betting parlors.
10. Based on all requirements contained in this Resolution, all projects shall be assessed individually as determined by a scoring system stewarded by the Mayor's Department of Economic Development for use in its recommendation to the Council.
11. RTA contracts for which the application was received by the Mayor's Office of Economic Development after March 19, 2009, are not transferable, [save hotel or motel transfers where the property management company remains unchanged]. RTA contracts for which the application was received by the Mayor's Office of Economic Development prior to March 19, 2009, are transferable during the initial term of the RTA. Transferred contracts are not eligible for renewal.
12. Notwithstanding paragraph 12, any property owner who detrimentally relied on assurances that their property was subject to an RTA transfer, may, for the remaining initial five year term, be granted a RTA transfer, upon execution of an affidavit attesting to a good-faith belief that a RTA was granted by a prior assessor, and proof that the abatement was in fact given for the initial five years, pending approval by the Council.
13. The goals for local disadvantaged business enterprise (DBE) participation established in City Ordinance 70.432.1 apply to RTA applications as set forth in such ordinance.
14. Any RTA application for which the RTA applicant failed to provide a complete and accurate value of work to be performed to the Department of Safety & Permits may be subject to denial.

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, that the Mayor's Restoration Tax Abatement Committee and the Economic Development Staff will, in the matter of each renewal application, consider the following guidelines prior to making its recommendation to the Council:

Renewal Guidelines:

1. Renewals of RTAs are generally discouraged.

2. Renewals are not available for owner-occupied properties.
3. Commercial projects shall submit the following items to determine the necessity of the renewal:
 - a. An updated appraisal (the post renovation value). The City may at its option require a review by a person knowledgeable in real estate operating statements to issue an opinion as to the management efficiency of the property. The applicant shall be required to bear the cost of the professional assessment.
 - b. Copies of the last three years (of the original abatement) tax returns, with all attachments, of the owner proprietor, corporation, or partnership which holds title, or is responsible for payment of taxes for the property under consideration.
 - c. A notarized affidavit certifying that the information presented is the information accompanying the owners tax returns filed with the IRS.
 - d. A completed debt schedule on the property.
 - e. A mortgage amortization schedule of the property for the last three years of the original abatement.
 - f. A notarized affidavit of all owners attesting to the amount of cash equity contributed to the property and project to date.
4. For renewals, there must be an additional twenty-five percent (25%) minimum renovation investment of the post-improvement fair market value of the existing structure.
5. Based on all requirements contained in this Resolution, commercial projects shall be assessed individually as determined by a scoring system stewarded by the Mayor's Department of Economic Development.

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, that any applicant that has submitted an application for a new project with all advance notification fees paid to the State to participate in the RTA Program prior to the effective date of this resolution shall be evaluated under the guidelines in effect prior to the adoption of this Resolution.

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, that all previous Resolutions addressing the Tax Abatement Program that are in conflict with this Resolution are hereby repealed.

BE IT FURTHER RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, that the Clerk of Council is instructed to forward copies of this resolution to the Mayor, the Chief Administrative Officer and the Louisiana Department of Economic Development.

THE FOREGOING RESOLUTION WAS READ IN FULL, THE ROLL WAS CALLED ON THE ADOPTION THEREOF AND RESULTED AS FOLLOWS:

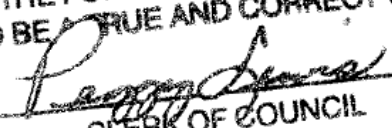
YEAS:

NAYS:

ABSENT:

AND THE RESOLUTION WAS ADOPTED.

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THE FOREGOING IS CERTIFIED
TO BE A TRUE AND CORRECT COPY

CLERK OF COUNCIL